

Table 2

# CHRONOLOGY OF NEBRASKA INCOME TAX RATES AND SALES TAX RATES

Effective Date	Individual Income Tax Rate (Percentage of Federal Income Tax)	Corporation Income Tax Rate <sup>1</sup>	Withholding Rate (Percentage of Federal Tax Withheld)	Nebraska Sales Tax Rate	Food Sales Tax Credit (Per Eligible Individual)
June 1, 1967	none	none	none	2.5%	-0-
January 1, 1968 <sup>2</sup>	10%	2%	10%	2.5%	7.00
January 1, 1969 <sup>2</sup>	10%	2%	10%	2%	7.00
January 1, 1970	13%	2.6%	12%	2.5%	7.00
January 1, 1971	10%	2%	10%	2.5%	7.00
January 1, 1972	15%	3%	10%	2.5%	10.00
January 15, 1972	15%	3%	15%	2.5%	10.00
January 1, 1973 <sup>3</sup>	13%	3.25%	15%	2.5%	10.00
July 1, 1973 <sup>3</sup>	13%	3.25%	13%	2.5%	10.00
January 1, 1974	11%	2.75%	11%	2.5%	13.00
January 1, 1975 <sup>3</sup>	12%	3% and 3.3%	10%	2.5%	16.00
May 5, 1975 <sup>3</sup>	12%	3% and 3.3%	11%	2.5%	16.00
July 1, 1975 <sup>3</sup>	12%	3% and 3.3%	13%	2.5%	16.00
January 1, 1976 <sup>3</sup>	17%	4.25% and 4.675%	15%	2.5%	16.00
September 1, 1976 <sup>3</sup>	17%	4.25% and 4.675%	17%	3%	16.00
January 1, 1977 <sup>3</sup>	18%	4.5% and 4.95%	17%	3%	20.00
July 1, 1977 <sup>3</sup>	18%	4.5% and 4.95%	18%	3.5%	20.00
January 1, 1978	16%	4% and 4.4%	16%	3%	20.00
January 1, 1979	18%	4.5% and 4.95%	18%	3%	20.00
December 1, 1979	18%	4.5% and 4.95%	none	3%	20.00
January 1, 1980 <sup>3</sup>	15%	3.75% and 4.125%	17%	3%	28.00
January 1, 1981	15%	3.75% and 4.125%	15%	3%	28.00
January 1, 1982 <sup>3</sup>	18%	4.5% and 6.3%	15%	3%	28.00
May 1, 1982	18%	4.5% and 6.3%	15%	3.5%	28.00
July 1, 1982	18%	4.5% and 6.3%	19%	3.5%	28.00
January 1, 1983 <sup>3</sup>	20%	5% and 7%	19%	3.5%	21.00
July 1, 1983 <sup>4</sup>	20%	5% and 7%	20%	4%	21.00
January 1, 1984 <sup>3</sup>	19%	4.75% and 6.65%	20%	4%	-0-
April 1, 1984	19%	4.75% and 6.65%	20%	3.5%	-0-
July 1, 1984	19%	4.75% and 6.65%	18%	3.5%	-0-
January 1, 1985 <sup>3</sup>	20%	5% and 7%	19%	3.5%	-0-
January 1, 1986	19%	4.75% and 6.65%	19%	3.5%	-0-
January 1, 1987	*	4.75% and 6.65%	19%	4%	-0-
March 1, 1987	*	4.75% and 6.65%	21%	4%	-0-
January 1, 1988 <sup>5</sup>	*	4.75% and 6.65%	Table	4%	-0-
January 1, 1989	*	4.75% and 6.65%	Table	4%	-0-
January 1, 1990 <sup>3</sup>	*	5.17% and 7.24%	Table	4%	-0-
July 10, 1990	*	5.17% and 7.24%	Table	5%	-0-
January 1, 1991	*	5.58% and 7.81%	Table	5%	-0-
January 1, 1992 <sup>6</sup>	*	5.58% and 7.81%	Table	5%	-0-
January 1, 1993	*	5.58% and 7.81%	Table	5%	-0-
January 1, 1994	*	5.58% and 7.81%	Table	5%	-0-
January 1, 1995	*	5.58% and 7.81%	Table	5%	-0-
January 1, 1996	*	5.58% and 7.81%	Table	5%	-0-
January 1, 1997	*	5.58% and 7.81%	Table	5%	-0-
July 1, 1998	*	5.58% and 7.81%	Table	4.5%	-0-

<sup>1</sup>The corporation franchise or income tax rate was 20% of the individual income tax rate from January 1, 1968 through December 31, 1972. From January 1, 1973 through December 31, 1974, the corporate tax rate was 25% of the individual rate. From January 1, 1975 through December 31, 1981, the corporate tax rate was 25% of the individual rate for the first \$25,000 of taxable income and 27.5% of the individual rate for the excess over \$25,000. Beginning on January 1, 1982, the corporate tax rate is 25% of the individual rate for the first \$50,000 of taxable income and 35% of the individual rate for the excess over \$50,000. Beginning on January 1, 1986, financial institutions are not subject to corporate income tax, but rather pay a franchise tax of 40 cents per \$1,000 of average deposits, limited by the institution's net financial income multiplied by 3.25%.

Beginning with tax year 1987, the corporation income tax rate is calculated as a percent of the primary individual rate. For the first \$50,000 of Nebraska taxable income the rate is 150.7% of the primary individual rate. For taxable income in excess of \$50,000 the rate is 211% of the primary individual rate.

For tax year 1990, the financial institutions tax rate is 43 cents per \$1,000 of average deposits, limited by the institutions net financial

income multiplied by 3.53%. Beginning with tax year 1991, the tax rate is 47 cents and the limitation amount is 3.81%.

<sup>2</sup>The withholding rate effective June 25, 1968 was 10% or 9% if the Federal surcharge was withheld. This provision was effective until January 1, 1970.

<sup>3</sup>The individual income tax rate was changed during the tax year.

<sup>4</sup>The sales tax rate was changed by the State Board of Equalization to 4% for nine months to raise \$30 million.

<sup>5</sup>Effective for wages paid on or after January 1, 1988, tables and rate schedules published in the Nebraska Circular EN are used to determine the amount of withholding.

<sup>6</sup>For tax year 1992, a depreciation surcharge equal to two percent of all depreciation, except on motor vehicles, is payable with the income tax return. C corporations are also subject to a corporate surtax equaling 1.17 percent of all taxable income over \$200,000.

**\*LB 773, 1987 Legislative Session, revised the Nebraska individual income tax. Beginning with tax year 1987, tax computations are based on Nebraska taxable income rather than federal tax liability. A schedule of the tax rates from 1987 to 1998 is shown on page 17.**